

CHAPTER FOUR: Findings and Results

4.1 Introduction.

As opposed to personal interviews, mail survey rarely obtained higher response rate. William Zikmund (1998) indicated that, survey can be considered reliable unless it has a minimum of 50 percent response, or unless it demonstrates with some form of verification that the nonrespondents are similar to the respondents.

In light of the above opinion, it is disheartening to note that this study has managed to collect 21.3% response rate only. 32 out of 150 questionnaires were successfully returned. The response rate received from Enterprise50 respondents were 25% whilst Bumiputra companies registered approximately 14%. Results of the analysis are tabulated below;

4.2 Demographic profile

Demographic profiling is the most important and the first analysis done on the collected data. The result enables meaningful interpretation and comparisons of results. From the frequency table, the results indicate that;

- a) Majorities of the respondents were having more than RM1.0 million in the paid up capital.

PAID UP CAPITAL

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	LESS THAN \$250,000	1	3.1	3.1	3.1
	MORE THAN \$250,000 BUT LESS THAN \$500,000	4	12.5	12.5	15.6
	MORE THAN \$500,000, BUT LESS THAN \$ 1.0 MILLION	4	12.5	12.5	28.1
	MORE THAN \$1.0 MILLION, BUT LESS THAN \$5.0 MILLION	12	37.5	37.5	65.6
	MORE THAN \$5.0 MILLION	11	34.4	34.4	100.0
	Total	32	100.0	100.0	

- b) Almost half of the respondents (49%) were highly geared. The loan ratio to equity was more than 25%.

RATIO OF THE COMPANY'S LOAN TO EQUITY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	LESS THAN 10%	8	25.0	26.7	26.7
	MORE THAN 10% BUT LESS THAN 25%	7	21.9	23.3	50.0
	MORE THAN 25%, BUT LESS THAN 50%	4	12.5	13.3	63.3
	MORE THAN 50%, BUT LESS THAN 75%	4	12.5	13.3	76.7
	MORE THAN 75%	7	21.9	23.3	100.0
	Total	30	93.8	100.0	
Missing	.00	2	6.3		
Total		32	100.0		

- c) Majorities of the respondents (93%) of the respondents were having highly educated top management team. The term “highly educated” refers to tertiary education level, ie diploma and above.

THE COMPANY'S TOP MANAGEMENT QUALIFICATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MASTERS/PhD DEGREE	8	25.0	28.6	28.6
	DIPLOMA/BACHELOR DEGREE	18	56.3	64.3	92.9
	CERTIFICATES/SCHOOL LEAVERS	1	3.1	3.6	96.4
	BY EXPERIENCE	1	3.1	3.6	100.0
	Total	28	87.5	100.0	
Missing	.00	4	12.5		
Total		32	100.0		

- d) 90% of the respondents were highly profitable with annual profit exceeding RM1.0 million. The majority of the respondents were local market oriented. This was evidenced from the fact that 70% of that group derived more than half of their annual sales from the local market.

THE COMPANY'S ANNUAL TURNOVER

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	LESS THAN \$250,000	2	6.3	6.5	6.5
	MORE THAN \$500,000, BUT LESS THAN \$1.0 MILLION	1	3.1	3.2	9.7
	MORE THAN \$1.0 MILLION, BUT LESS THAN \$5.0 MILLION	4	12.5	12.9	22.6
	5.00	24	75.0	77.4	100.0
	Total	31	96.9	100.0	
Missing	.00	1	3.1		
Total		32	100.0		

- e) 66% of the respondents indeed have had a formal business plan during the inception stage as well as at the post start up phase of the business venture.

THE COMPANY 'S BUSINESS PLAN EXISTENCE

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid YES	18	56.3	56.3	56.3
NO	11	34.4	34.4	90.6
POST START-UP PHASE	3	9.4	9.4	100.0
Total	32	100.0	100.0	

Inductively, it can be said that more than half of the respondents were highly profitable, highly geared, managed by highly educated top management team and their business orientation is toward the local market.

Notwithstanding to the above demographic profiling, it is noted that generally the respondents were positive about the role of business planning. This can be seen in item-correlation coefficient between the eight factors of the roles and functions of a business plan posed in the section B of the questionnaire. The following were the summary of the said correlation analysis,

From the above result the respondents showed strong cognitive believe that:

1. The roles of a business plan are to develop guidelines for the operation of a business venture, as well as to assist entrepreneurs seek funding assistance.
2. The existence of a formal business plan will help entrepreneurs to implement ideas into actual business practice, as well as providing businesses with pre-determined strategy.

3. The availability of a business plan is to identify the strengths and weaknesses of the company and its competitiveness. The item-total correlation are shown as below :

Correlations										
		The BP existence is to obtain financial assistance	The BP existence is to implement your idea	The BP existence is to provide strategy	The BP existence is to develop operation guideline	The BP existence doesn't help to coordinate the co's activities	The BP existence fails future planning	The BP existence cannot control business activities	The BP existence makes co thinks unrational ly	SECTB1A
The BP existence is to obtain financial assistance	Pearson Correlation Sig. (2-tailed) N	1.000 . 31	-.093 .619 31	-.127 .495 31	-.159 .394 31	.098 .616 28	-.437* .016 30	-.329 .071 31	.227 .219 31	.396* .027 31
The BP existence is to implement your idea	Pearson Correlation Sig. (2-tailed) N	-.093 .619 31	1.000 . 31	.501** .004 31	.413* .021 31	.214 .273 28	.342 .064 30	.115 .537 31	.056 .765 31	.677* .000 31
The BP existence is to provide strategy	Pearson Correlation Sig. (2-tailed) N	-.127 .495 31	.501** .004 31	1.000 . 31	.691** .000 31	.268 .167 28	.251 .180 30	-.027 .887 31	-.285 .120 31	.741** .000 31
The BP existence is to develop operation guideline	Pearson Correlation Sig. (2-tailed) N	-.159 .394 31	.413* .021 31	.691** .000 31	1.000 . 31	-.033 .869 28	.286 .125 30	.009 .961 31	-.072 .702 31	.692* .000 31
The BP existence doesn't help to coordinate the co's activities	Pearson Correlation Sig. (2-tailed) N	.098 .616 28	.214 .273 28	.268 .167 28	-.033 .869 28	1.000 . 28	.258 .186 28	.358 .062 28	-.058 .771 28	.218 .266 28
The BP existence fails future planning	Pearson Correlation Sig. (2-tailed) N	-.437* .016 30	.342 .064 30	.251 .180 30	.266 .125 30	.258 .186 28	1.000 . 30	.787* .000 30	-.081 .669 30	.102 .593 30
The BP existence cannot control business activities	Pearson Correlation Sig. (2-tailed) N	-.329 .071 31	.115 .537 31	-.027 .887 31	.009 .961 31	.358 .062 28	.787* .000 30	1.000 . 31	-.021 .911 31	-.137 .462 31
The BP existence makes co thinks unrationaly	Pearson Correlation Sig. (2-tailed) N	.227 .219 31	.056 .765 31	-.285 .120 31	-.072 .702 31	.058 .771 28	-.081 .669 30	-.021 .911 31	1.000 .932 31	.016 .932 31
SECTB1A	Pearson Correlation Sig. (2-tailed) N	.396* .027 31	.677* .000 31	.741** .000 31	.692** .000 31	.218 .266 28	.102 .593 30	-.137 .462 31	.016 .932 31	1.000 . 31

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

4.3 The Perception about Business Planning

In the beginning of chapter two the writer came to a generalized idea that type of the firms, firms with substantial borrowed capital, firms with export oriented companies and firms with highly educated top management were the ones with formal business planning. In other words, the writer has come out with four specific assumptions, namely

- **Assumption 1**

Successful businesses like Enterprise50 firms are likely to be having a formal business plan compared to other small and medium sized firms such as small scale Bumiputra firms.

- **Assumption 2**

Firms with high gearing ratio are likely to be having a formal business plan in their process to be more competitive.

- **Assumption 3**

Firms with export based with overseas market orientation are likely to be having a formal business plan to chart their strategy and business policy.

- **Assumption 4**

Firms with highly educated top management team are likely to be having a formal business plan since the management team of the firms have the capacity to formulate the business plan.

In order to gauge the validity of the above assumptions, the study has carried out crosstabulation and chi-square test of independent to justify the generalized idea. Crosstabulation was carried out between type of respondents, ratio of loan to equity, contribution of overseas sales and top management level of education to the existence of business planning respectively. The results of the chi-square analysis were 0.194, 0.192, 0.543 and 0.458 respectively. This p-value clearly indicated non-the above variables were contingent to a formal business plan existence. With all the p-value greater than 0.05, the study has to accept null hypothesis and this revealed no statistically significant relationships between the four assumptions with the existence a formal business plan. The following are results of the chi-square analysis for the Assumption 1.

Type of respondents * THE COMPANY 'S BUSINESS PLAN EXISTENCE Crosstabulation

			THE COMPANY 'S BUSINESS PLAN EXISTENCE			Total
			YES	NO	POST START-UP PHASE	
Type of respondents	Entreprise50	Count	12	10	3	25
		% within Type of respondents	48.0%	40.0%	12.0%	100.0%
		% of Total	37.5%	31.3%	9.4%	78.1%
	Bumiputra companies	Count	6	1		7
		% within Type of respondents	85.7%	14.3%		100.0%
		% of Total	18.8%	3.1%		21.9%
Total		Count	18	11	3	32
		% within Type of respondents	56.3%	34.4%	9.4%	100.0%
		% of Total	56.3%	34.4%	9.4%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.275 ^a	2	.194
Likelihood Ratio	4.004	2	.135
Linear-by-Linear Association	3.000	1	.083
N of Valid Cases	32		

a. 4 cells (66.7%) have expected count less than 5. The minimum expected count is .66.

The above chi-square result shows that p-value is 0.194. Hence the type of firms is not related to the existence of a formal business plan.

The following are results of the chi-square analysis for Assumption 2.

ATIO OF THE COMPANY'S LOAN TO EQUITY * THE COMPANY 'S BUSINESS PLAN EXISTENCE Crosstabulation

			THE COMPANY 'S BUSINESS PLAN EXISTENCE			Total
			YES	NO	POST START-UP PHASE	
RATIO OF THE COMPANY'S LOAN TO EQUITY	LESS THAN 10%	Count	4	3	1	8
		% within RATIO OF THE COMPANY'S LOAN TO EQUITY	50.0%	37.5%	12.5%	100.0%
		% of Total	13.3%	10.0%	3.3%	26.7%
	MORE THAN 10% BUT LESS THAN 25%	Count	3	3	1	7
		% within RATIO OF THE COMPANY'S LOAN TO EQUITY	42.9%	42.9%	14.3%	100.0%
		% of Total	10.0%	10.0%	3.3%	23.3%
	MORE THAN 25%, BUT LESS THAN 50%	Count	2	2		4
		% within RATIO OF THE COMPANY'S LOAN TO EQUITY	50.0%	50.0%		100.0%
		% of Total	6.7%	6.7%		13.3%
	MORE THAN 50%, BUT LESS THAN 75%	Count	2	1	1	4
		% within RATIO OF THE COMPANY'S LOAN TO EQUITY	50.0%	25.0%	25.0%	100.0%
		% of Total	6.7%	3.3%	3.3%	13.3%
	MORE THAN 75%	Count	5	2		7
		% within RATIO OF THE COMPANY'S LOAN TO EQUITY	71.4%	28.6%		100.0%
		% of Total	16.7%	6.7%		23.3%
Total	Count	16	11	3	30	
	% within RATIO OF THE COMPANY'S LOAN TO EQUITY	53.3%	36.7%	10.0%	100.0%	
	% of Total	53.3%	36.7%	10.0%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.328 ^a	8	.912
Likelihood Ratio	4.116	8	.846
Linear-by-Linear Association	.825	1	.364
N of Valid Cases	30		

a. 15 cells (100.0%) have expected count less than 5.
The minimum expected count is .40.

The following are results of the chi-square analysis for Assumption 3

THE COMPANY'S RATIO OF OVERSEAS SALES TO THE TOTAL ANNUAL TURNOVER * THE COMPANY 'S BUSINESS PLAN EXISTENCE Crosstabulation

			THE COMPANY 'S BUSINESS PLAN EXISTENCE			Total
			YES	NO	POST START-UP PHASE	
THE COMPANY'S RATIO OF OVERSEAS SALES TO THE TOTAL ANNUAL TURNOVER	LESS THAN 5%	Count	7	6	2	15
		% within THE COMPANY'S RATIO OF OVERSEAS SALES TO THE TOTAL ANNUAL TURNOVER	46.7%	40.0%	13.3%	100.0%
		% of Total	23.3%	20.0%	6.7%	50.0%
	MORE THAN 10%, BUT LESS THAN 25%	Count	2	2		4
		% within THE COMPANY'S RATIO OF OVERSEAS SALES TO THE TOTAL ANNUAL TURNOVER	50.0%	50.0%		100.0%
		% of Total	6.7%	6.7%		13.3%
	MORE THAN 25%, BUT LESS THAN 50%	Count	3			3
		% within THE COMPANY'S RATIO OF OVERSEAS SALES TO THE TOTAL ANNUAL TURNOVER	100.0%			100.0%
		% of Total	10.0%			10.0%
	MORE THAN 50%, BUT LESS THAN 75%	Count	3	1		4
		% within THE COMPANY'S RATIO OF OVERSEAS SALES TO THE TOTAL ANNUAL TURNOVER	75.0%	25.0%		100.0%
		% of Total	10.0%	3.3%		13.3%
	MORE THAN 75%	Count	3		1	4
		% within THE COMPANY'S RATIO OF OVERSEAS SALES TO THE TOTAL ANNUAL TURNOVER	75.0%		25.0%	100.0%
		% of Total	10.0%		3.3%	13.3%
	Total	Count	18	9	3	30
		% within THE COMPANY'S RATIO OF OVERSEAS SALES TO THE TOTAL ANNUAL TURNOVER	60.0%	30.0%	10.0%	100.0%
		% of Total	60.0%	30.0%	10.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.944 ^a	8	.543
Likelihood Ratio	9.609	8	.294
Linear-by-Linear Association	1.139	1	.286
N of Valid Cases	30		

a. 14 cells (93.3%) have expected count less than 5.
The minimum expected count is .30.

The following are the results of the chi-square analysis for Assumption 4.

THE COMPANY'S TOP MANAGEMENT QUALIFICATION * THE COMPANY'S BUSINESS PLAN EXISTENCE Crosstabulation

			THE COMPANY 'S BUSINESS PLAN EXISTENCE			Total
			YES	NO	POST START-UP PHASE	
THE COMPANY'S TOP MANAGEMENT QUALIFICATION	MASTERS/PhD DEGREE	Count	6	1	1	8
		% within THE COMPANY'S TOP MANAGEMENT QUALIFICATION	75.0%	12.5%	12.5%	100.0%
		% of Total	21.4%	3.6%	3.6%	28.6%
	DIPLOMA/BACHELOR DEGREE	Count	10	7	1	18
		% within THE COMPANY'S TOP MANAGEMENT QUALIFICATION	55.6%	38.9%	5.6%	100.0%
		% of Total	35.7%	25.0%	3.6%	64.3%
	CERTIFICATES/SCHOOL LEAVERS	Count		1		1
		% within THE COMPANY'S TOP MANAGEMENT QUALIFICATION		100.0%		100.0%
		% of Total		3.6%		3.6%
	BY EXPERIENCE	Count		1		1
		% within THE COMPANY'S TOP MANAGEMENT QUALIFICATION		100.0%		100.0%
		% of Total		3.6%		3.6%
Total	Count	16	10	2	28	
	% within THE COMPANY'S TOP MANAGEMENT QUALIFICATION	57.1%	35.7%	7.1%	100.0%	
	% of Total	57.1%	35.7%	7.1%	100.0%	

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.697 ^a	6	.458
Likelihood Ratio	6.527	6	.367
Linear-by-Linear Association	1.267	1	.260
N of Valid Cases	28		

a. 10 cells (83.3%) have expected count less than 5.
The minimum expected count is .07.

As opposed to the generalized perceptions, the existence formal business plan is not related to the type of the company, ratio of loan to equity, contribution of oversea sales and top management's level of education

From the four chi-square analysis results, the existence of a formal business plan is not related to the type of the firms, the ratio of loan to equity of the firms, the firms business orientation and the top management team level of education.

The analysis proceeded to determine the important factors that constitute a comprehensive formal business planning. As suggested in Chapter 3, this study has adopted the same principles of item correlation coefficient to gauge the respondents' cognitive perception about the important factor that should be included in a formal business planning. The results of item-total correlation were presented in the following page. Apart from item-correlation coefficient analysis, the study has also calculated the mean value of the respondents' feedback for the 11 factors posed to them in Section B of the questionnaire. The respondents were basically agreed that the main factors that should be incorporated in a formal business plan are

description of business/product, the business competitive analysis, the firm's workforce capacity, the firm's business associates, the firm's operating budget, the firm's consumer behavior, the firm's financial management, the firm's top management quality, the firm's anticipated project killers and the firm's business location.

The following are results of item-correlation coefficient between the 11 factors that make up a formal business plan.

Correlations													
	Description about the business, products and services	The business location, characteristics & image	The customer economic environment profile and behaviour	The business competition	The workforce capabilities/potential	The profile of business associates	The financial management	The probable operating budget	The anticipated project killers	The qualities of top management team	The business exit strategy	SECTB18	
Description about the business, products and services	Pearson Correlation Sg (2-tailed) N	1.000 31	.195 293	.263 157	-.021 910	-.065 728	.101 569	.028 881	.095 813	.055 789	-.168 639	.019 676	.305 114
The business location, characteristics & image	Pearson Correlation Sg (2-tailed) N		1.000 293	.960** 101	.187 314	.462** 008	.422** 018	.373** 039	.179 335	.363** 033	.211 254	.308 052	-.245 209
The customer economic environment profile and behaviour	Pearson Correlation Sg (2-tailed) N			1.000 157	.051 789	.414** 023	.399** 029	.278 137	.199 289	.226 110	.000 1.000	-.119 539	.070 723
The business competition	Pearson Correlation Sg (2-tailed) N				1.000 910	.292 314	.488** 789	.286 338	.178 332	.180 332	.120 522	.160 398	-.158 422
The workforce capabilities/potential	Pearson Correlation Sg (2-tailed) N					1.000 728	.749** 008	.409** 000	.313 009	.311 069	.562** 001	.329 051	-.123 533
The profile of business associates	Pearson Correlation Sg (2-tailed) N						1.000 569	.811** 000	.462** 000	.470** 009	.361** 049	.354 055	-.245 210
The financial management	Pearson Correlation Sg (2-tailed) N							1.000 881	.536** 002	.606** 000	.240 194	.055 772	-.198 313
The probable operating budget	Pearson Correlation Sg (2-tailed) N								1.000 813	.622** 000	.020 917	.094 781	-.208 248
The anticipated project killers	Pearson Correlation Sg (2-tailed) N									1.000 881	.328 31	.210 31	-.133 30
The qualities of top management team	Pearson Correlation Sg (2-tailed) N										1.000 074	.317 068	.090 799
The business exit strategy	Pearson Correlation Sg (2-tailed) N											1.000 068	-.422** 008
SECTB18	Pearson Correlation Sg (2-tailed) N												1.000 27

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

From the item-total correlation coefficient, the results indicate that the main factors that make up a formal business plan are description of the firm's business/product, the firm's workforce capacity, the firm's business competition environment and the firm's financial management plan. From the collaboration of these two results (results from item-total correlation coefficient and mean value), it can be

deduced that respondents were cognitively believe that the main factors that should be incorporated in a formal business plan are the ones that appeared in section B of the part II from the questionnaire except the “firm’s business exit strategy” .

The following are the results of mean value as discussed in page 45.

Descriptive Statistics

	Mean	Std. Deviation	N
Description about the business, products and services	3.6774	.5408	31
The Business location, characteristic & image	3.0000	.6325	31
The customers/consumers profile and behaviour	3.2000	.7144	30
The business competition	3.5806	.5642	31
The workforce abilities/capabilities	3.4194	.7648	31
The profile of business associates	3.3226	.7478	31
The Financial management	3.0323	.7063	31
The probable operating budget	3.2903	.5884	31
The anticipated project killers	3.1613	.6878	31
The qualities of top management team	3.1935	.7492	31
The business exit strategy	2.5667	.8976	30
SECTB1B	16.3929	2.8066	28

Therefore, it's wise to sum up from the above result by saying that, local entrepreneurs perceive the qualities of person behind the business and the quality of the employees as the most important factors in formulating a comprehensive business planning.

4.4 Business Planning vs. Business Performance

Prior to gauging the relationship between business planning and business performance, the study made an attempt to pre-conceivably determine the cognitive believe about what can business planning do to the business performance. Similar to the previous analysis, this task was also derived from item total correlation analysis. The summary of the result justifying the relevance of business planning to business performance. is shown as below:

Correlations													
		BP ensures positive performance	Relying on BP in managing business	Most successful business have a formal business plan	Destruction to start business without any formal BP	BP impedes the business performance	BP doesn't provide solution to business problem	BP dictates business direction without guaranteeing its success	BP is not pre-requisite factor for business success	Formal BP just to show encourage return in order to get financial assistance	Formal BP helps to handle business risks effectively	"Know-wh" skill determines the business success	SECTCI
BP ensures positive performance	Pearson Correlation	1.000	.427*	-.135	.358*	-.092	.144	-.098	-.131	.064	.390*	.053	.209
	Sig. (2-tailed)		.017	.485	.045	.824	.439	.723	.484	.852	.043	.778	.359
	N	31	31	31	31	31	31	31	31	31	31	31	22
Relying on BP in managing business	Pearson Correlation	.427*	1.000	.291	.138	-.334	-.203	-.103	-.349	-.095	.530*	-.153	.071
	Sig. (2-tailed)	.017		.113	.458	.066	.274	.580	.065	.748	.002	.411	.755
	N	31	31	31	31	31	31	31	31	31	31	31	22
Most successful business have a formal business plan	Pearson Correlation	.135	.291	1.000	.358*	-.038	.144	.295	.229	.148	.489*	.219	.818*
	Sig. (2-tailed)	.489	.113		.045	.839	.439	.201	.215	.427	.005	.237	.002
	N	31	31	31	31	31	31	31	31	31	31	31	22
Destruction to start business without any formal BP	Pearson Correlation	.358*	.138	.358*	1.000	.022	.074	.203	.017	.141	.430*	.172	.548*
	Sig. (2-tailed)	.048	.458	.048		.907	.693	.273	.908	.448	.018	.358	.008
	N	31	31	31	31	31	31	31	31	31	31	31	22
BP impedes the business performance	Pearson Correlation	-.092	-.334	-.038	.022	1.000	.535*	.089	.589*	.540*	-.383*	.138	.594*
	Sig. (2-tailed)	.824	.066	.839	.907		.002	.696	.001	.002	.033	.485	.004
	N	31	31	31	31	31	31	31	31	31	31	31	22
BP doesn't provide solution to business problem	Pearson Correlation	.144	-.203	.144	.074	.535*	1.000	.216	.397*	.406*	-.193	.370*	.845*
	Sig. (2-tailed)	.439	.274	.439	.693	.002		.243	.027	.029	.297	.041	.001
	N	31	31	31	31	31	31	31	31	31	31	31	22
BP dictates business direction without guaranteeing its success	Pearson Correlation	-.098	-.103	.295	.203	.089	.216	1.000	.352	.154	-.028	.334	.489*
	Sig. (2-tailed)	.723	.580	.201	.273	.636	.243		.052	.406	.880	.095	.021
	N	31	31	31	31	31	31	31	31	31	31	31	22
BP is not pre-requisite factor for business success	Pearson Correlation	-.131	.349	.229	.017	.589*	.397*	.352	1.000	.501*	-.143	.233	.784*
	Sig. (2-tailed)	.484	.055	.215	.908	.001	.027	.052		.004	.477	.208	.000
	N	31	31	31	31	31	31	31	31	31	31	31	22
Formal BP just to show encourage return in order to get financial	Pearson Correlation	-.064	-.095	.148	.141	.540*	.406*	.154	.501*	1.000	-.309	.027	.592*
	Sig. (2-tailed)	.852	.748	.427	.448	.002	.023	.408	.004		.091	.885	.004
	N	31	31	31	31	31	31	31	31	31	31	31	22
Formal BP helps to handle business risks effectively	Pearson Correlation	.390*	.530*	.489*	.430*	-.383*	-.193	-.028	-.133	-.309	1.000	.023	.249
	Sig. (2-tailed)	.043	.002	.005	.016	.033	.297	.880	.477	.091		.903	.265
	N	31	31	31	31	31	31	31	31	31	31	31	22
"Know-wh" skill determines the business success	Pearson Correlation	.053	-.153	.219	.172	.138	.370*	.334	.233	.027	.023	1.000	.671*
	Sig. (2-tailed)	.778	.411	.237	.358	.485	.041	.096	.208	.885	.903		.003
	N	31	31	31	31	31	31	31	31	31	31	31	22
SECTCI	Pearson Correlation	.205	.071	.818*	.548*	.594*	.845*	.488*	.784*	.592*	.249	.671*	1.000
	Sig. (2-tailed)	.359	.755	.002	.004	.001	.021	.050	.004	.005	.265	.003	
	N	22	22	22	22	22	22	22	22	22	22	22	22

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

The respondents were of the opinion that, a formal business plan is not a pre-requisite factor for business success, and it does not able to provide solutions to business problem. Nonetheless, they also agreed that, most successful business have formal business planning. Form the above result there is high correlation coefficient value for first,

second and third factor as appeared in the above table. This indicates that, to rely on business planning in managing business activities can ensure positive performance of which may be translated into reducing business risk.

The following are the results of mean value analysis for the factors posed to the respondents in part I of Section C from the questionnaire. The purpose of this mean value analysis is to corroborate the results of item-total correlation as appeared in page 40.

Descriptive Statistics

	Mean	Std. Deviation	N
BP ensures positive performance	3.0645	.6800	31
Relying on BP in managing business	2.8710	.7184	31
Most successful business have a formal business plan	3.0645	.6800	31
Destruction to start business without any formal BP	2.6774	.9087	31
BP impedes the business performance	2.3548	.9146	31
BP doesn't provide solution to business problem	2.0323	.6575	31
BP dictates business direction without guaranteeing its success	2.5484	.8099	31
BP is not pre-requisite factor for business success	2.4516	1.0905	31
Formal BP just to show encouraging return in order to get financial assistance	2.2258	.8450	31
Formal BP helps to handle business risks effectively	3.0323	.7951	31
"Know-who" skill determines the business success	2.5161	.8896	31
SECTC1	28.7727	4.6897	22

The two analyses have indicated similar findings in suggesting that there is relevance of business planing existence in order to ensure positive performance for businesses and most successful businesses have a formal business plan.

As what suggested in the introductory notes in the chapter three, the 'right connection game theory" has indeed translated into higher correlation between perception about business performance and "know-who" skill. Thus, basing on that premise, "know-who" skill is another identified business performance determinant apart from business planning.

The study also used another procedure, that is linear regression analysis to determine the existence of relationships between business planning and business performance. Prior to that , the study has conducted the correlation analysis to gauge the relationship between variables of the business planning and business performance constructs. The results of the correlation are tabulated as in the next page.

Correlations										
		Market/Industry Analysis	Competitive Analysis	Marketing planning	Organizational Planning	Financial Projections	Sales growth	Return on Sales	Financial Strength	Profitability
Market/Industry Analysis	Pearson Correlation	1.000	.766**	.613**	.517*	.609*	.111	.109	.040	-.030
	Sig. (2-tailed)		.000	.000	.003	.000	.561	.568	.836	.874
	N	31	31	31	31	31	30	30	29	30
Competitive Analysis	Pearson Correlation	.766**	1.000	.602*	.544**	.434*	.222	.058	.150	-.036
	Sig. (2-tailed)	.000		.000	.002	.015	.238	.759	.437	.850
	N	31	31	31	31	31	30	30	29	30
Marketing planning	Pearson Correlation	.613**	.602*	1.000	.655**	.667*	.344	.134	.408*	.135
	Sig. (2-tailed)	.000	.000		.000	.000	.062	.480	.028	.478
	N	31	31	31	31	31	30	30	29	30
Organizational Planning	Pearson Correlation	.517**	.544**	.655**	1.000	.715*	-.165	-.114	-.002	-.161
	Sig. (2-tailed)	.003	.002	.000		.000	.383	.549	.993	.425
	N	31	31	31	31	31	30	30	29	30
Financial Projections	Pearson Correlation	.609**	.434*	.667**	.715*	1.000	-.119	-.148	.139	.012
	Sig. (2-tailed)	.000	.015	.000	.000		.531	.437	.473	.949
	N	31	31	31	31	31	30	30	29	30
Sales growth	Pearson Correlation	.111	.222	.344	-.165	-.119	1.000	.598*	.525*	.451*
	Sig. (2-tailed)	.561	.238	.062	.383	.531		.000	.003	.012
	N	30	30	30	30	30	30	30	29	30
Return on Sales	Pearson Correlation	.109	.058	.134	-.114	-.148	.598*	1.000	.344	.574*
	Sig. (2-tailed)	.568	.759	.480	.549	.437	.000		.068	.001
	N	30	30	30	30	30	30	30	29	30
Financial Strength	Pearson Correlation	.040	.150	.408*	-.002	.139	.525*	.344	1.000	.767*
	Sig. (2-tailed)	.836	.437	.028	.993	.473	.003	.068		.000
	N	29	29	29	29	29	29	29	29	29
Profitability	Pearson Correlation	-.030	-.036	.135	-.151	.012	.451*	.574*	.767*	1.000
	Sig. (2-tailed)	.874	.850	.478	.426	.949	.012	.001	.000	
	N	30	30	30	30	30	30	30	29	30

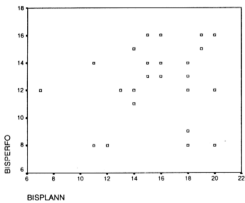
** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

The results indicated that, market/industry analysis was highly correlated with competitive analysis, marketing planning, organizational planning and financial projections. On the other hand, sales growth shows higher correlation coefficients between return on sales, financial strength and profitability. Hence, it is confirmed that sales growth, return on sales, financial strength and profitability are the subsets to the business performance, whilst market/ industry analysis, competitive analysis, marketing planning, organizational planning and financial projections were the subsets to the business planning construct.

However, the results indicate that market planning is the only variable in the business planning construct that having higher correlation coefficient with financial strength from the business performance construct. It can be deduced that, only marketing planning affects the business performance in term of financial strength of the firms.

In larger scope, it can be said that, there exist only marketing plan (a subset of business planning) relationships with financial projections of the business. To further scrutinize the existence of any relationships between the business planning and business performance constructs, the study adopted linear regression analysis. As explained in chapter three, the independent variable is business performance, whilst the dependant variable is business planning construct. From the regression result, the scatterplot was derived. The scatterplot graph is shown below;



From the scatterplot graph, it is clearly explained there is positive linear relationship. The scatterplot indicates that, for example, the first co-ordinate (7,12) the respondents have done very briefly for the five business planning construct (market/industry analysis, competitive analysis, marketing planning, organizational planning and financial projections). Hence the business performance seem to be unchanged for the 4 factors in business performance construct (sales growth, return on sales, financial strength and profitability). Similarly, the result of the first co-ordinate (7,12) can be indirectly said that, if all the five factors of the business planning's construct are done very briefly, then the result of the business performance remains unchanged.

However, the relationship appeared to be very vague and weak. This can be seen from the result of linear regression as shown below,

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.082 ^a	.007	-.030	2.5385

a. Predictors: (Constant), BISPLANN

Furthermore, the R-square value is at 0.007. This clearly indicates that not even 1% of the variation associated with business performance is accounted for by business planning. The R-square value explained that the relationship of the association and the effectiveness of prediction variable(business planning) to predict the criterion variable(business performance) is very weak. The value of standard error of the estimates is at 3.3886, which is very large by any standard. This indicates the result may too far off if we were to use the business planning to predict the business performance.

To wrap up the findings, the study concludes that there exist tenuous relationships between business planning and business performance.